13 September 2013

Eurogroup statement on Cyprus

The Eurogroup welcomes the conclusion of the Troika's first review mission that the adjustment programme for Cyprus is on track. The Cypriot authorities have taken decisive steps to stabilise the financial sector, meet the fiscal targets and taken structural reforms forward. Because the short-run economic outlook remains difficult and subject to considerable uncertainty, continued full and timely policy implementation remains essential for the success of the programme.

The Eurogroup notes with satisfaction that the Bank of Cyprus was taken out of resolution on 30 July. This marks an important milestone for restoring confidence in the Cypriot financial sector. Ministers welcome that the remaining challenges regarding the financial sector are being addressed. The Cypriot authorities have notably taken further action to reform the cooperative credit institutions sector and have set out a clear agenda to restructure and recapitalize other financial institutions. The Eurogroup looks forward to the swift implementation of the Anti-Money Laundering action plan.

The Eurogroup welcomes that the Cypriot authorities will continue to gradually relax the administrative measures that had been put in place in view of the unique and exceptional situation of Cyprus' financial sector. Further relaxation will be in line with the roadmap of 8 August 2013.

As far as fiscal consolidation is concerned, the Eurogroup welcomes that Cyprus has taken effective action towards correcting the excessive deficit by 2016 as recommended by the Council on 16 May 2013.

The Eurogroup endorses the disbursement of the next tranche of financial assistance to Cyprus following the fulfilment of the prior actions and the completion of the relevant national procedures. The disbursement of EUR 1.5 billion is foreseen to take place by end-September, after the formal approval by the ESM Governing bodies. The IMF Board is scheduled to decide on the disbursement of EUR 86 million on 16 September.